

## Table 2

### Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Branches and Agencies of Foreign Banks in the United States <sup>1</sup>

(Status of Policy as of January 2018)

**Questions 1-6** ask about commercial and industrial (C&I) loans at your bank. Questions 1-3 deal with changes in your bank's lending policies over the past three months. Questions 4-5 deal with changes in demand for C&I loans over the past three months. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—changed?

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	23	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	<b>23</b>	<b>100</b>

2. For applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—that your bank currently is willing to approve, how have the terms of those loans changed over the past three months?

a. Maximum size of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	87.0
Eased somewhat	3	13.0
Eased considerably	0	0.0
<b>Total</b>	<b>23</b>	<b>100</b>

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	23	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	<b>23</b>	<b>100</b>

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	91.3
Eased somewhat	2	8.7
Eased considerably	0	0.0
<b>Total</b>	<b>23</b>	<b>100</b>

d. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.5
Remained basically unchanged	16	72.7
Eased somewhat	5	22.7
Eased considerably	0	0.0
<b>Total</b>	<b>22</b>	<b>100</b>

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	86.4
Eased somewhat	3	13.6
Eased considerably	0	0.0
<b>Total</b>	<b>22</b>	<b>100</b>

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	87.0
Eased somewhat	3	13.0
Eased considerably	0	0.0
<b>Total</b>	<b>23</b>	<b>100</b>

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	23	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	<b>23</b>	<b>100</b>

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	90.5
Eased somewhat	2	9.5
Eased considerably	0	0.0
<b>Total</b>	21	100

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate.)

A. Possible reasons for tightening credit standards or loan terms:

a. Deterioration in your bank's current or expected capital position

Responses are not reported when the number of respondents is 3 or fewer.

b. Less favorable or more uncertain economic outlook

Responses are not reported when the number of respondents is 3 or fewer.

c. Worsening of industry-specific problems (please specify industries)

Responses are not reported when the number of respondents is 3 or fewer.

d. Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

Responses are not reported when the number of respondents is 3 or fewer.

e. Reduced tolerance for risk

Responses are not reported when the number of respondents is 3 or fewer.

f. Decreased liquidity in the secondary market for these loans

Responses are not reported when the number of respondents is 3 or fewer.

g. Deterioration in your bank's current or expected liquidity position

Responses are not reported when the number of respondents is 3 or fewer.

h. Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

Responses are not reported when the number of respondents is 3 or fewer.

B. Possible reasons for easing credit standards or loan terms:

a. Improvement in your bank's current or expected capital position

	All Respondents	
	Banks	Percent
Not important	5	62.5
Somewhat important	3	37.5
Very important	0	0.0
<b>Total</b>	8	100

b. More favorable or less uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	4	50.0
Somewhat important	3	37.5
Very important	1	12.5
<b>Total</b>	<b>8</b>	<b>100</b>

c. Improvement in industry-specific problems (please specify industries)

	All Respondents	
	Banks	Percent
Not important	3	50.0
Somewhat important	3	50.0
Very important	0	0.0
<b>Total</b>	<b>6</b>	<b>100</b>

d. More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents	
	Banks	Percent
Not important	2	25.0
Somewhat important	3	37.5
Very important	3	37.5
<b>Total</b>	<b>8</b>	<b>100</b>

e. Increased tolerance for risk

	All Respondents	
	Banks	Percent
Not important	4	50.0
Somewhat important	4	50.0
Very important	0	0.0
<b>Total</b>	<b>8</b>	<b>100</b>

f. Increased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	3	37.5
Somewhat important	3	37.5
Very important	2	25.0
<b>Total</b>	<b>8</b>	<b>100</b>

g. Improvement in your bank's current or expected liquidity position

	All Respondents	
	Banks	Percent
Not important	4	50.0
Somewhat important	4	50.0
Very important	0	0.0
<b>Total</b>	<b>8</b>	<b>100</b>

h. Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents	
	Banks	Percent
Not important	6	75.0
Somewhat important	2	25.0
Very important	0	0.0
<b>Total</b>	<b>8</b>	<b>100</b>

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents	
	Banks	Percent
Substantially stronger	0	0.0
Moderately stronger	3	13.0
About the same	18	78.3
Moderately weaker	2	8.7
Substantially weaker	0	0.0
<b>Total</b>	<b>23</b>	<b>100</b>

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate.)

A. If stronger loan demand (answer 1 or 2 to question 4), possible reasons:

a. Customer inventory financing needs increased

Responses are not reported when the number of respondents is 3 or fewer.

b. Customer accounts receivable financing needs increased

Responses are not reported when the number of respondents is 3 or fewer.

c. Customer investment in plant or equipment increased

Responses are not reported when the number of respondents is 3 or fewer.

d. Customer internally generated funds decreased

Responses are not reported when the number of respondents is 3 or fewer.

e. Customer merger or acquisition financing needs increased

Responses are not reported when the number of respondents is 3 or fewer.

f. Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive

Responses are not reported when the number of respondents is 3 or fewer.

g. Customer precautionary demand for cash and liquidity increased

Responses are not reported when the number of respondents is 3 or fewer.

B. If weaker loan demand (answer 4 or 5 to question 4), possible reasons:

a. Customer inventory financing needs decreased

Responses are not reported when the number of respondents is 3 or fewer.

b. Customer accounts receivable financing needs decreased

Responses are not reported when the number of respondents is 3 or fewer.

c. Customer investment in plant or equipment decreased

Responses are not reported when the number of respondents is 3 or fewer.

d. Customer internally generated funds increased

Responses are not reported when the number of respondents is 3 or fewer.

e. Customer merger or acquisition financing needs decreased

Responses are not reported when the number of respondents is 3 or fewer.

f. Customer borrowing shifted from your bank to other bank or nonbank sources because these other sources became more attractive

Responses are not reported when the number of respondents is 3 or fewer.

g. Customer precautionary demand for cash and liquidity decreased

Responses are not reported when the number of respondents is 3 or fewer.

6. At your bank, apart from seasonal variation, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional or increased C&I lines as opposed to the refinancing of existing loans.)

	All Respondents	
	Banks	Percent
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	2	9.1
The number of inquiries has stayed about the same	19	86.4
The number of inquiries has decreased moderately	1	4.5
The number of inquiries has decreased substantially	0	0.0
<b>Total</b>	<b>22</b>	<b>100</b>

**Questions 7-8** ask about commercial real estate (CRE) loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential properties. Question 7 deals with changes in your bank's standards over the past three months. Question 8 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.

7. Over the past three months, how have your bank's credit standards for approving applications for CRE loans changed?

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.7
Remained basically unchanged	14	93.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	15	100

8. Apart from normal seasonal variation, how has demand for CRE loans changed over the past three months? (Please consider the number of requests for new spot loans, for disbursement of funds under existing loan commitments, and for new or increased credit lines.)

	All Respondents	
	Banks	Percent
Substantially stronger	0	0.0
Moderately stronger	3	20.0
About the same	11	73.3
Moderately weaker	1	6.7
Substantially weaker	0	0.0
<b>Total</b>	15	100

**Questions 9-10** ask how your bank expects its **lending practices and conditions** for **C&I loans** to change over 2018.

9. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect the following lending practices and conditions for **C&I loans to large and middle-market firms** to change over 2018 compared to current practices and conditions, apart from normal seasonal variation? (Please refer to the definitions of large and middle-market firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are in the textbox below.)

A. Compared to current practices and conditions, over 2018, my bank expects its **lending standards** for approving applications for C&I loans or credit lines to **large and middle-market firms** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	1	4.5
Remain basically unchanged	21	95.5
Ease somewhat	0	0.0
Ease considerably	0	0.0
<b>Total</b>	22	100

B. Compared to current practices and conditions, over 2018, my bank expects the **average spread of loan rates over my bank's cost of funds** for C&I loans to **large and middle-market firms** to:

	All Respondents	
	Banks	Percent
Increase substantially	0	0.0
Increase somewhat	0	0.0
Remain basically unchanged	18	81.8
Decrease somewhat	4	18.2
Decrease substantially	0	0.0
<b>Total</b>	22	100

C. Compared to current conditions, over 2018, my bank expects **demand** for C&I loans to **large and middle-market firms** to:

	All Respondents	
	Banks	Percent
Strengthen substantially	0	0.0
Strengthen somewhat	1	4.5
Remain basically unchanged	21	95.5
Weaken somewhat	0	0.0
Weaken substantially	0	0.0
<b>Total</b>	22	100

10. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect the following lending practices and conditions for **C&I loans to small firms** to change over 2018 compared to current practices and conditions, apart from normal seasonal variation? (Please refer to the definitions of small firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are in the textbox below.)



A. Compared to current practices and conditions, over 2018, my bank expects its **lending standards** for approving applications for C&I loans or credit lines to **small firms** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	0	0.0
Remain basically unchanged	16	100.0
Ease somewhat	0	0.0
Ease considerably	0	0.0
<b>Total</b>	16	100

B. Compared to current practices and conditions, over 2018, my bank expects the **average spread of loan rates over my bank's cost of funds** for C&I loans to **small firms** to:

	All Respondents	
	Banks	Percent
Increase substantially	0	0.0
Increase somewhat	0	0.0
Remain basically unchanged	17	100.0
Decrease somewhat	0	0.0
Decrease substantially	0	0.0
<b>Total</b>	17	100

C. Compared to current conditions, over 2018, my bank expects **demand** for C&I loans to **small firms** to:

	All Respondents	
	Banks	Percent
Strengthen substantially	0	0.0
Strengthen somewhat	2	12.5
Remain basically unchanged	14	87.5
Weaken somewhat	0	0.0
Weaken substantially	0	0.0
<b>Total</b>	16	100

**Question 11** asks how your bank expects its **lending standards** for selected categories of **commercial real estate loans** to change over 2018.

11. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect its **lending standards** for the following **commercial real estate loan** categories to change over 2018 compared to its current standards, apart from normal seasonal variation?

A. Compared to my bank's current lending standards, over 2018, my bank expects its **lending standards** for approving applications for **construction and land development loans** or credit lines to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	3	23.1
Remain basically unchanged	10	76.9
Ease somewhat	0	0.0
Ease considerably	0	0.0
<b>Total</b>	13	100

B. Compared to my bank's current lending standards, over 2018, my bank expects its **lending standards** for approving applications for **loans secured by nonfarm nonresidential properties** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	3	18.8
Remain basically unchanged	13	81.2
Ease somewhat	0	0.0
Ease considerably	0	0.0
<b>Total</b>	16	100

C. Compared to my bank's current lending standards, over 2018, my bank expects its **lending standards** for approving applications for **loans secured by multifamily residential properties** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	2	14.3
Remain basically unchanged	12	85.7
Ease somewhat	0	0.0
Ease considerably	0	0.0
<b>Total</b>	14	100

**Questions 12-13** ask about your bank's expectations for the behavior of loan delinquencies and charge-offs on selected categories of **C&I and commercial real estate loans** in 2018.

12. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and charge-offs on your bank's **C&I loans** in the following categories in 2018? (Please refer to the definitions of large and middle-market firms and of small firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are in the textbox below.)

A. The quality of my bank's **syndicated nonleveraged C&I loans to large and middle-market firms** over 2018, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	Percent
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	21	95.5
Deteriorate somewhat	1	4.5
Deteriorate substantially	0	0.0
<b>Total</b>	22	100

B. The quality of my bank's **syndicated leveraged C&I loans to large and middle-market firms** over 2018, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	Percent
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	18	81.8
Deteriorate somewhat	4	18.2
Deteriorate substantially	0	0.0
<b>Total</b>	22	100

C. The quality of my bank's **nonsyndicated C&I loans to large and middle-market firms** over 2018, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	Percent
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	22	100.0
Deteriorate somewhat	0	0.0
Deteriorate substantially	0	0.0
<b>Total</b>	22	100

D. The quality of my bank's **C&I loans to small firms** over 2018, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	Percent
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	14	87.5
Deteriorate somewhat	2	12.5
Deteriorate substantially	0	0.0
<b>Total</b>	16	100

13. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and charge-offs on your bank's **commercial real estate loans** in the following categories in 2018?

A. The quality of my bank's **construction and land development loans** over 2018, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	Percent
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	13	100.0
Deteriorate somewhat	0	0.0
Deteriorate substantially	0	0.0
<b>Total</b>	13	100

B. The quality of my bank's **loans secured by nonfarm nonresidential properties** over 2018, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	Percent
Improve substantially	0	0.0
Improve somewhat	1	6.7
Remain around current levels	13	86.7
Deteriorate somewhat	1	6.7
Deteriorate substantially	0	0.0
<b>Total</b>	15	100

C. The quality of my bank's **loans secured by multifamily residential properties** over 2018, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	Percent
Improve substantially	0	0.0
Improve somewhat	1	7.7
Remain around current levels	12	92.3
Deteriorate somewhat	0	0.0
Deteriorate substantially	0	0.0
<b>Total</b>	13	100

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1. As of September 30, 2017, the 23 respondents had combined assets of \$1.3 trillion, compared to \$2.5 trillion for all foreign-related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common. [Return to text](#)